

# 2017 Exemption Seminar

---

State Board of Equalization



# Welcome!

---

Betsy Knotts, Esq.  
Executive Secretary  
State Board of Equalization



# Sabrina Williams, Esq.

---

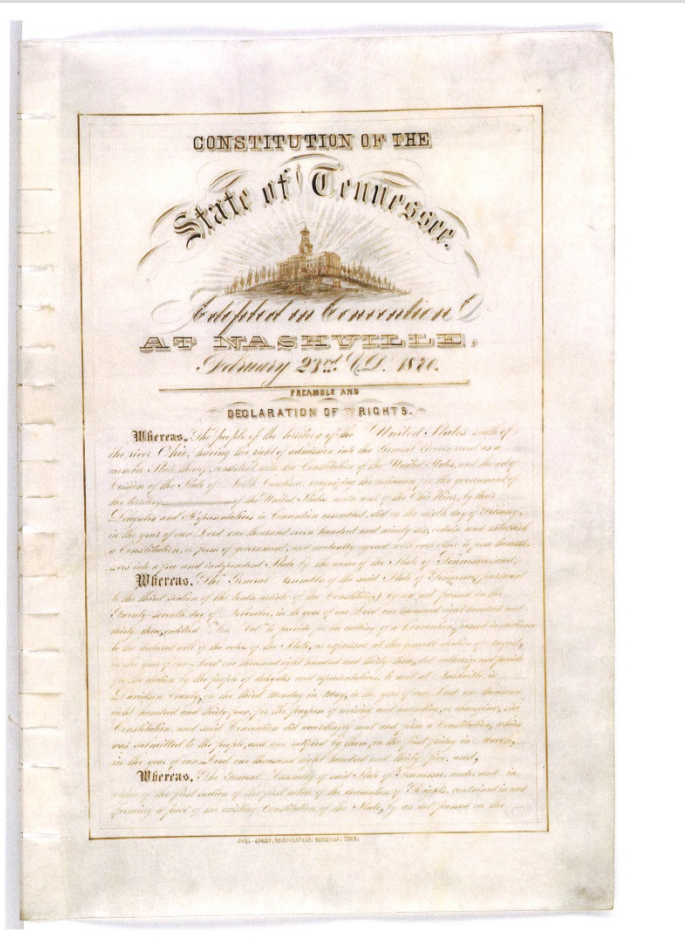
Senior Tax Counsel

State Board of Equalization

Exemption Designee, West Tennessee



# 1870 State Constitution



# State Constitutional Principle

---

- Art. II, section 28:  
“...all property real, personal, or mixed shall be subject to taxation....”

# Why is some property exempt from taxation?

---

- Art. II, Sect. 28 of the Tennessee Constitution states that “all property is subject to taxation,” but allowed the Tennessee Legislature to make an exception for, among other things, the following:
  - Government-owned property (codified in Tenn. Code Ann. § 67-5-203)
  - Religious, charitable, scientific, literary, or educational institutions (codified in Tenn. Code Ann. § 67-5-212)

# Who decides what property may be exempt?

---

- Assessor of Property
  - Examples: Government Property, Housing Authority, Certain cemetery properties
- The State Board of Equalization
  - “Religious, Charitable, Scientific, and Nonprofit Educational” Property

# Focus of this seminar:

---

- Exemptions decided by SBOE
  - Religious (churches, etc.)
  - Charitable (United Way, Vol. Fire Dept., etc.)
  - Scientific (Medical Ed. & Research Institute)
  - Nonprofit Educational (schools, colleges, etc.)

\*Note: Exemptions decided by the Board are NOT automatic. Application is required.



# REMEMBER:

---

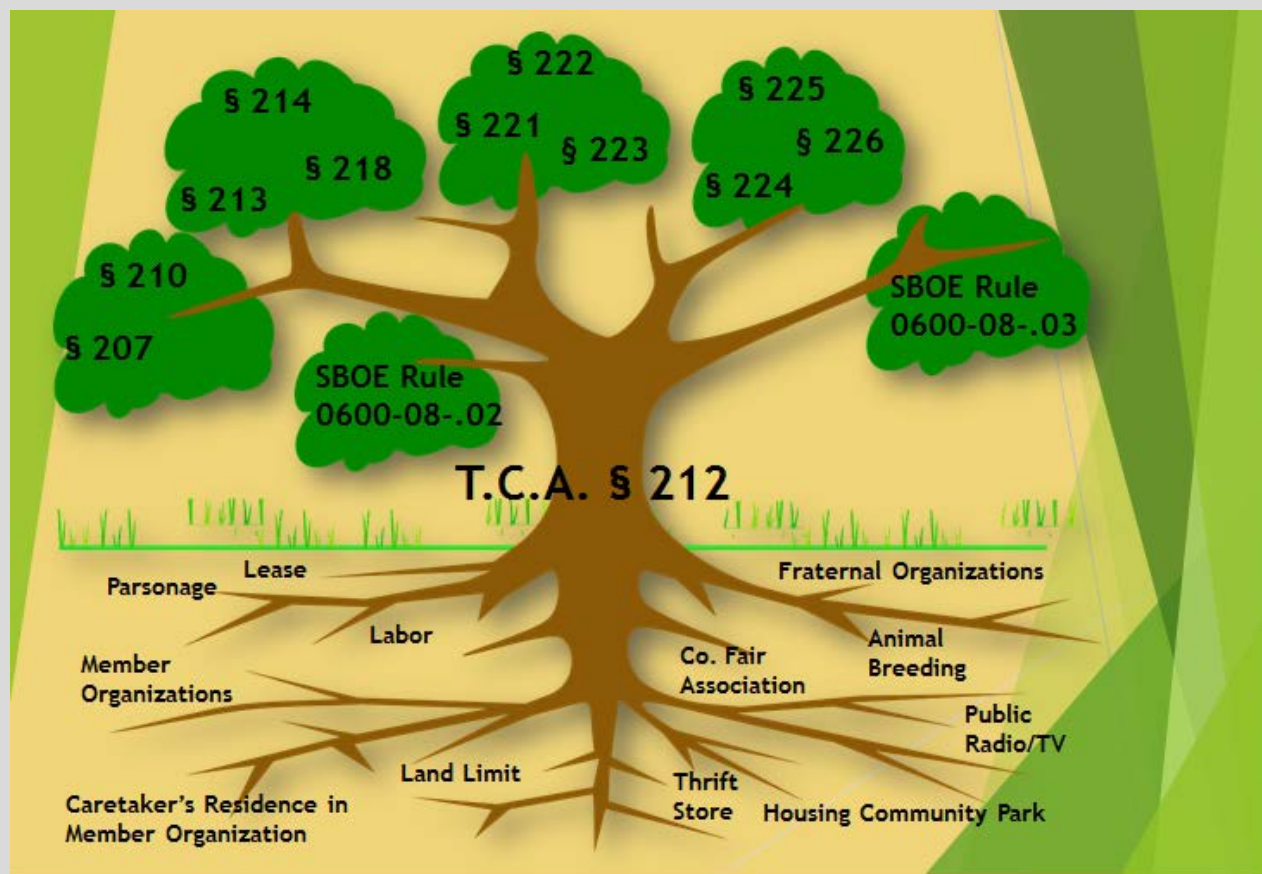
- “Nonprofit” does not mean the organization does not make a profit.
- “Nonprofit” relates to how the entity was organized.
- Even though a nonprofit can be profitable, unlike a for-profit entity, doing so is not its primary goal.

# Main Exemption Statute

---

- The main statute for exemptions handled by the Board is T.C.A. § 67-5-212.
- Primary principle of § 212 is that property owned by a “religious, charitable, scientific, or nonprofit educational institution” is eligible for exemption consideration.
- This principle includes things listed (e.g., parsonages) and those non-listed (e.g., community gardens, nonprofit hospitals).

# Exemption Tree



# "Roots" of § 212

---

- Specific situations addressed in § 212:
  - Lease between two exempt entities (to be discussed later in seminar) [§ 212 (a)(1)]
  - Parsonages (limit one per church and no more than 3 acres) [§ 212 (a)(4)]

# A parsonage can look like this...

---





...or it can look like this...



...and this.



# [§ 212 (d)] (“Roots” cont’d)

---

Nonprofit Membership  
Organizations chartered  
by Congress:

Example: Boy Scouts  
of America





# [§ 212 (n)] (“Roots” cont’d)

- Thrift Store
  - Training venue for those needing occupational rehab; or
  - Store operated primarily by volunteers, etc.

Example: Goodwill



# [§ 212 (h)] (“Roots” cont’d)

- Fraternal Entities
- Examples:
  - VFW Posts
  - American Legion Posts

\*Note: Revenue-producing areas, e.g., bars ≠ exempt.



# [§ 212 (e)] (“Roots” cont’d)

- Labor Organizations
- Example:
  - Electrical Workers Union

\*Note: Charitable or educational uses only



# "Roots" of § 212 (cont'd)

---

- Nonprofit Artificial Breeding Assoc. [§ 212 (f)]
- County Fair Associations [§ 212 (i)]
- Caretaker housing in community park [§ 212 (j)]
- Caretaker residence owned by a member organization [§ 212 (k)]
- Public Radio [§ 212 (l)]
- Public Television [§ 212 (m)]
- Land Limit [§ 212 (o)] (to be discussed later)

# "Branches" of § 212

---

- T.C.A. § 67-5-207
- Permanent low-income housing for elderly and disabled persons
  - If more than 12 units, agreement to make payments in lieu of taxes required
  - Financed through enumerated federal or state grant or loan program
  - Exemption may continue after loan payoff as long as project restricted to elderly or disabled persons as defined by program.

# "Branches" of § 212 (cont'd)

---

- T.C.A. § 67-5-213
- Certain Educational Institutions
  - Dormitories = Exempt (includes houses)
  - Residence of head of college/university
  - Residence of faculty or staff (with restrictions)
  - College/University bookstore = Exempt

# "Branches" of § 212 (cont'd)

---

- T.C.A. § 67-5-214
- Cemeteries and Monuments
  - If no charge for burial, assessor can make the decision and no application is required. Examples, church or family cemeteries.
  - If a charge for burial, application must be filed.
  - For-profit cemeteries and monuments are eligible for property tax exemption.

\*Rare case of a for-profit being eligible for exemption.\*



# Exemption can apply here...

---





...or it can apply to this.

---



# "Branches" of § 212 (cont'd)

---

- T.C.A. § 67-5-221
- Low-income housing owned by charitable entity (Example: Habitat for Humanity)
  - Property held for construction of one or more single family houses to be conveyed to a low-income household for residential use.
  - Exempt during period of ownership until conveyance to low-income household.
  - Mathematical formula to determine the maximum period of exemption.

# "Branches" of § 212 (cont'd)

---

- T.C.A. § 67-5-223
- Community and Performing Arts (Example: Country Music Hall of Fame)
  - Owned by “nonprofit community and performing arts” organization
  - Used for public museums, art galleries, performing arts auditoriums and theaters
  - Strict guidelines regarding organizational structure

# "Branches" of § 212 (cont'd)

---

- T.C.A. § 67-5-225
- Family Wellness Center (Example: YMCA)
  - “Historic sole purpose” of organization is promotion of “physical, mental, and spiritual health....”
- \*Note: Statute has heavy focus on nature of entity.\*
  - Provides at least 5 of 8 enumerated programs, e.g., summer programs for children and teens; daycare programs, aquatic programs, etc.
  - Income-based fee structure

# "Branches" of § 212 (cont'd)

---

- T.C.A. § 67-5-210: Economic or Charitable Development Organization (e.g., Memphis Incubator Systems)
- T.C.A. § 67-5-218: Historic Properties
- T.C.A. § 67-5-222: Historic Properties
- T.C.A. § 67-5-224: Economic Development (provides small business counseling, etc.)
- T.C.A. § 67-5-226: Museum Exemption ("displays local, regional...crafts.")

# "Branches" of § 212 (cont'd)

---

- Rule 0600-08-.02 – Exemption of land
  - Actual use of land required
  - Rebuttable presumption of use if:
    - Underlying exempt structures/paving
    - Total land being claimed for exemption  $\leq 5$  acres
    - Excess land is necessary for zoning reasons
  - Land held solely for future use  $\neq$  exempt
  - Land held solely for conservation/preservation reasons must show active research on land.

# Branches" of § 212 (cont'd)

---

- Rule 0600-08-.03 a/k/a “The Clinic Rule”
  - “Clinic” = facility providing primary medical care other than hospital or other licensed health care facility
  - In medically underserved area or serves underserved population
  - Serves regardless of ability to pay
  - Physicians/employees receive reasonable compensation per industry standards

# Legislature, SBOE, Courts

---

- Legislature exercises authority to determine what situations are eligible for exemption and the criteria for exemption
- SBOE has responsibility to determine what situations meet the criteria
- Courts step in to clarify/interpret exemption law.
- SBOE and Court actions can lead to “non-listed” exemptions, i.e., not on “exemption tree”.



# "Non-listed" Exemptions

---

- Examples of exemptions from Court cases:
  - Non-profit Hospitals
  - Denominational publishing and printing
  - Nursing homes
- Examples of things Court did NOT find exempt:
  - Missionary housing
  - Chambers of Commerce

# “Non-listed” Exemptions (cont’d)

---

- “Non-listed” exemptions thru SBOE action are often the result of exemption “trends”.
- Example:
  - Community Gardens
    - Ownership by eligible entity
    - Active use required; not planned use
    - Controlled use/access
    - Evidence (photos, maps, policy, budget)

# Final thing to know/remember:

---

- Exemptions are a privilege, not a right.

# Applying for Exemption

---

Robin Pope, Esq.  
SBOE Designee, East Tennessee



# You got an exemption?

---



# Preliminary Questions

---

- My organization has a 501(c)(3) letter. Does this mean their property is automatically exempt?
  - No, 501(c)(3) status is not a guarantee of property tax exemption under Tennessee law.
- Organization was previously granted an exemption on a piece of property. Does organization have to apply for exemption of newly acquired parcel?
  - Yes. Exemptions are granted to the property. A new application is required for each new parcel of property acquired by the organization.

# Application process for the taxpayer

---

## How to apply

- Online through the TN Comptroller's website or mail a paper application to the SBOE.
  - **Must file an application for EVERY PARCEL**
- Upload or include all required supporting documents with submission.
- Pay the Appropriate application processing fee (State Board Rule 0600-08-.01).
- Applicant must provide copies of all documents to county assessor.
- Documents received by SBOE during application process become public record.

39

## What documents must a Taxpayer include in his or her application?

- Warranty or Quitclaim Deed
- Corporate charter and bylaws or, or if unincorporated, other document(s) that explain governing structure
- Financial Documents (990s or Income/Expense Report)
- Photographs
- Personal Property Report



# SBOE Attorney Review

---

- Review all documents submitted by applicant
  - Verify ownership
  - Confirm real property location and structures
  - Confirm preliminary aspects of the nature of the organization
  - Confirm preliminary aspects of qualifying use of the property
- After a review of the application and included documents SBOE Attorney will do one of three things:
  - Approve
  - Deny
  - Request for Additional Information
    - The SBOE Attorney is allowed to ask for anything we “may require to determine whether the property qualifies for exemption” (T.C.A. 212(b)(1))
  - Request an Assessor’s Review



# Verification of use of property

---

## With Structures

- Review use of each area of building and underlying land
- Prorate exemption based on exempt use
- Assessor's input is very important and helpful



# Verification of use of property

---



## Without Structures

- Unoccupied and unused land is not eligible for exemption
- Provide evidence of active use of any land not occupied by structures
- “Vacant” does not mean “unused”

# Initial Determination: Approval

---

- An approval Will:
  - Identify what is exempt
  - Identify when the exemption begins
  - Be sent to the applicant, county assessor, and county trustee
  - Include a copy of the original application
  - Soon be paperless
- An approval DOES NOT:
  - Transfer
  - Expire
  - Mean it **cannot** be revoked!
- Does an Approval exempt all property owned by the applicant?
  - No! Only exempts what is applied for.
  - An exemption can be partial
    - Based on use and be proportionate to actual use
    - Based on the Assessor's Review and information from the applicant on how much of the property is being used

# Initial Determination: Effective Date

---

- Applications received prior to May 20th:
  - January 1
  - Date Title transferred, OR
  - Date use began**whichever is later**
- Applications received after May 20th:
  - Application filing date. i.e. postmark date
  - Date use began, IF Application is filed w/in 30 days

## Special Exceptions

- “3-Year Throw-Back Rule” for Religious entities:
  - transfer from one exempt religious entity to another religious entity
  - **OR** replacement of religious entity’s prior exempt property

Why Does this Effective Date matter?

# Does the applicant have to pay taxes while awaiting a decision on a pending exemption application?

---

- Pay under protest
  - Taxpayer will be due a refund if application approved
- Await Initial Determination
  - Approval
    - Payment will depend on effective date
  - Denial
    - Applicant will have to pay taxes plus an applicable interest

# An Application Example

## Application for Property Tax Exemption



### State Board of Equalization

9th Floor, W.R. Snodgrass TN Tower  
312 Rosa L. Parks Avenue  
Nashville, TN 37243-1102  
Phone: (615) 401-7883  
Website: <http://www.comptroller.tn.gov/SBOE/>

### For Official Use Only

RECORD #: \_\_\_\_\_

FEE: \_\_\_\_\_

Property Location: Nashvegas County

Property Type: ☐ Real Property ☐ Personal Property

PARCEL IDENTIFICATION					
Control Map	Group	Parcel	Property Identifier	Special Interest	Acres
035A	Z	8			

Personal Property Account/Identification Number (if applicable): \_\_\_\_\_

- Total Appraised Value of Property: 587,600
- Applicant's Name: The Most Honest of Churches
- Applicant's Address: 625 Veracity Lane  
City: Graceland State: Tennessee Zip Code: 37999
- Address of Property: ☒ Check if same as above  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_
- Contact Information:  
Mr. ☐ Ms. ☒ Mrs. ☐ Robin Pope  
First Name Last Name  
Telephone Number: 615-401-7883 Email Address: Robin.Pope@cot.tn.gov  
Address: 312 Rosa L. Parks Avenue, Tennessee Tower 9th Floor  
City: Nashville State: Tennessee Zip Code: 37243-1102
- Type of Organization: ☒ Religious ☐ Charitable ☐ Scientific ☐ Educational ☐ Other-Explain \_\_\_\_\_
- Is the organization incorporated? ☒ Yes ☐ No
- Type of exemption applied for: ☒ Religious ☐ Charitable ☐ Scientific ☒ Educational  
If applying for religious exemption, please respond to items 9 and 10. Otherwise, move ahead to item 11.
- Was property exempt under the previous owner? ☐ Yes ☒ No

10. Has the organization previously applied for exemption of this or any other property? ☒ Yes ☐ No

11. Was the subject property purchased as a replacement for property owned by the organization and previously approved for exemption? ☒ Yes ☐ No

12. Describe current use of any structures, state the frequency of use, and provide the date use began.  
(Additional pages as necessary)  
Church, Sanctuary, and adjoining buildings. July 1, 2015.

13. Describe current use of the land, state the frequency of use, and provide the date use began. (Attach additional pages as necessary)  
Church, 2-3 times a week. Daily office and other activities.

14. Is any portion of this property used by or leased to another person or entity? ☐ Yes ☒ No  
If yes, a copy of the lease agreement or any other written agreement regarding use **MUST** be submitted with this application.  
If there is no lease or written agreement regarding use, please provide a written explanation. (Attach additional pages as necessary)

15. The applicant **MUST** submit copies of the following documents:
- If the application is for exemption of real property, a copy of the warranty or quitclaim deed that evidences the organization's ownership of the property. The deed of trust is not sufficient proof of ownership.
  - If the organization is incorporated, a copy of the corporate charter and bylaws.
  - If the organization is unincorporated, a copy of any document(s) explaining the organization's governing structure.
  - Financial information for the last fiscal year (i.e. Form 990 if required by IRS, budget, income/expense statement).
  - Photograph of property
  - For personal property only applications, a listing of the applicable personal property (i.e. personal property schedule, itemized list etc.)

**AFFIDAVIT:** I do hereby verify that the foregoing statements are true and correct to the best of my knowledge and belief.

July 1, 2017

Date

/s/Jane Smith

Signature

### FOR OFFICIAL USE ONLY

☐ APPROVED:  
☐ DENIED:  
☐ PARTIAL:

EFFECTIVE DATE OF EXEMPTION: \_\_\_\_\_

COMMENTS:

By \_\_\_\_\_  
State Board Designee



# Application Example (continued)

## ◆ Supporting documents include:

- Valid, executed warranty deed identifying the parcel applied for. Signed and dated November 26, 2016.
- Copy of tax return.



What would you do?



# An Application Example (Welcome back)

◆ Approximately 95 acres



# An Application Example

---

- ◆ What would you do?
  - Approve?
  - Deny?
  - Request Additional Information?
  - Assessor's Review?
- ◆ If you were to approve?
  - When does the exemption begin?
- ◆ Pair-2, Square-4, and Share.

# Leases

---

- An exempt institution can lease a portion of their property to another entity and keep their exemption. However, the following criteria must be met:
  - Property Owning Lessor must be an exemptible entity
  - Non-owning leasing entity must be exemptible entity
  - Non-owning entity must use property for eligible exempt purpose
  - The owning institution can receive “no more rent than a reasonably allocated share of the cost of use, excluding the cost of capital improvement, debt service, depreciation and interest, as determined by the board of equalization.” See T.C.A. 67-5-212(a)(1).

# Leases cont.

---

- If an entity that is not eligible for exemption leases to an eligible exempt entity (i.e. individual leases property to a church), the property does not qualify for exemption.
- However, personal property owned by the leasing eligible exempt entity may qualify for an exemption.

# Construction Partial Exemption

## **T.C.A. § 67-5-212(g)**

1. From and after, but not before, the commencement of construction.
2. Only to the extent of the value of the improvements constructed.
3. The improvements must be used and occupied for exempt purposes upon completion.
4. Upon completion, must be used and occupied for ten (10) years.
5. Completed within five (5) years.



# Land Limit

---

- T.C.A. § 67-5-212(o) limits exemption to 100 acres of land, per county, that is not necessary to support exempt structures or site improvements associated with exempt structures.
  - i.e. empty and unimproved land.

# Final tips, thoughts, and things to remember.....

---

- When applying for exemption of real property, does organization have to submit separate application for exemption of personal property?
  - Separate application is not necessary
  - Presumption is that use and ownership of personal property is same as that of real property
- Application for personal property only required when organization does not own real property (i.e. leasing office space).
- With exemptions, you can prorate assessment of personal property. This proration would be based on the effective date of the exemption.



The screenshot shows the website of the Tennessee Comptroller of the Treasury, Justin P. Wilson. The header includes the title and a search bar. A red navigation bar contains links: HOME, OFFICE FUNCTIONS, BOARDS, INVESTOR INFO, PUBLICATIONS, PUBLIC NOTICES, and CONTACT US. The main content area is titled "Charitable & Related Exemptions" and includes a "Useful Information" sidebar with links to various state and county resources. The main text provides instructions on how to apply for exemptions, including electronic and mail-in options, and lists links for exemption applications, processing fees, and appeals. A "Contact Us" section and "Quick Links" are also visible on the right side.

**Tennessee Comptroller of the Treasury**  
Justin P. Wilson

Search

HOME OFFICE FUNCTIONS BOARDS INVESTOR INFO PUBLICATIONS PUBLIC NOTICES CONTACT US

You are here: Home » Tennessee State Board of Equalization Home » Exemption/Exemption Appeal Process

**Useful Information**

- » State Board of Equalization Home Page
- » Board Members
- » FAQs
- » Agent Registration
- » Appraisal Ratios
- » Archived Property Tax Appeal Decisions
- » Certified Tax Rate
- » County Board of Equalization Meeting
- » Exemption/Exemption Appeal Process
- » Forms and Informational Items
- » Greenbelt
- » Industrial Development Board/Health & Education Report
- » Interest Rates on Pending Appeals (PDF)

**Charitable & Related Exemptions**

For more information, click on the following links:

- » Exemption Application (Electronic - to submit the form online)
- » Exemption Application (Written - to download the form and submit by mail) Make sure your printer settings are for 8 1/2" x 14" or fit to page to print the entire form.
- » Exemption Processing Fees
- » Effective Date Insert

---

- » Exemption Appeal Form
- » Exemption Appeal Processing Fees

---

- » Payment of Taxes While Exemption is Pending
- » Find Exemptions by County and Record Number

For further information, you may e-mail us at [sb.web@cot.tn.gov](mailto:sb.web@cot.tn.gov)

**Contact Us**

**Quick Links**

- » Tennessee Code Annotated
- » Department of Revenue for Questions about Sales and Use Tax
- » Department of State for Questions about Charitable Organization Fundraising
- » Department of State for Out of State Businesses/Corporations doing business in Tennessee
- » Division of Property Assessments
- » IMPACT Project

**Real Estate Assessment Data**

## Looking up the status of an exemption application

- Visit our website at <https://www.comptroller.tn.gov/SBOE/> and click on the Exemption/Exemption Process tab on the left side of the page.
- Scroll down to the bottom of the page and click the link that says "Find Exemptions by County and Record Number"

The screenshot shows a web browser window with the URL `gov/SBOnlineReport/Exempt_Public.aspx`. The page title is "Tennessee State Board of Equalization". The main heading is "Exempt Search". Below this, a prompt says "Please enter your search criteria and click the SEARCH button below". The form includes a dropdown menu for "Please select a county you would like to examine:" with "ALL" selected. There are two text input fields: "You may enter all or part of the Applicant Name in this box or leave it blank:" and "You may enter all or part of the Exemption Number in this box or leave it blank:". Below these are two radio buttons: "Do not include a Year Submitted in search" (selected) and "Select a particular Year Submitted:" with a dropdown menu showing "2017". A "Click here to SEARCH" button is at the bottom of the form. A "Return to State Board of Equalization" button is at the bottom of the page. The footer contains links for "Site Map", "Web Policies", "Disclaimer", "Department of State", "Department of Treasury", "General Assembly", and "Tennessee.gov", along with the copyright notice "© 2017 Tennessee Office of the Comptroller of the Treasury".

## Looking up the status of an exemption application

- As you can see from the above screenshot, you will then be able to conduct a search based on county, applicant name, or exemption record number

# Emily Bennett, Esq.

---

Senior Tax Counsel

State Board of Equalization

Exemption Designee, Middle Tennessee



# It's not always simple.....

---





# It's not always simple.....

---



# It's not always simple.....

---





# It's not always simple.....

---





# It's not always simple.....

---



# It's not always simple

---



# It's not always simple.....

---





# What can the assessor's office do to assist the SBOE?

---

- Verify information
  - Review copies of applications received and verify parcel id, ownership etc.
- Complete an assessor's review
  - Request for review typically made by SBOE as part of application review process, but assessor may submit review without receiving formal request
- Provide additional information that may be helpful
  - Photographs, maps, opinions regarding use or about the organization itself, breakdown of acreage etc.
- May want to conduct onsite visit
  - Be mindful of sensitive situations that would require scheduling of appointment for site visit (i.e. domestic violence or similar shelters)

# What information should an assessor's review include?

- Details in writing or on the phone of your observations about the property
  - Does the property look used? (grass mowed, boxes in storage, people present on the property)
  - If so, how does it appear to be used? (church building, parking lot, storage, fellowship hall, athletic field, food pantry, storage for decorations or school books, etc.)
- Information may be obtained through site visit and interview of people at or around the site
- Photographs of the property

ASSESSOR'S REVIEW						
COUNTY: <u>Wilson</u>		ER#: <u>123456</u>				
APPLICANT NAME: <u>First United Methodist Church</u>						
DISTRICT/ WARD	MAP/ BLOCK	GROUP	CONTROL MAP	PARCEL/ PERSONALTY	P.I.	S.I.
		<u>C</u>	<u>058M</u>	<u>001.00</u>		
PROPERTY ADDRESS: <u>123 Main Street</u>						
1. Do the parcel identification and the property address match your records? <input checked="" type="checkbox"/> YES / <input type="checkbox"/> NO <u>If not, please correct the information above.</u>						
2. Do your records indicate the exemption applicant is the property owner? <input checked="" type="checkbox"/> YES / <input type="checkbox"/> NO <u>If not, indicate the property owner's name:</u>						
3. Fill in the appraised value(s) of the property according to your assessment records:						
<input checked="" type="checkbox"/> REAL PROPERTY		<input type="checkbox"/> PERSONAL PROPERTY				
LAND VALUE: <u>10,000</u>		VALUE: _____				
IMP. VALUE: <u>200,000</u>						
4. State how the property appears to be used: <u>3 acre parcel with fellowship hall. Parcel is adjacent to main church building. Fellowship hall and parking lot occupy two acres. Remaining acre appears to be used for recreational purposes</u>						
5. Do the statements on the application appear to be accurate? <input checked="" type="checkbox"/> YES / <input type="checkbox"/> NO <u>If not, describe:</u>						
6. Additional comments, opinions, or observations pertinent to the application:						
<u>5/10/2017</u>			<u>John Smith</u>			
Date			Assessor or Assessor's representative			

# What information would be helpful here?

---



# What information would be helpful here?

---





# What information would be helpful here?

---



# Tips/Advice for applicants and attorneys

---

- Submit all required supporting documents
- Respond promptly to requests for additional information
- Make sure contact information is updated and correct
- Update our office and the county assessor of any changes related to the property
- Check with county assessor to be sure that applications filed on all eligible properties

# Assessor-required duties

---

- Retain copies of approved applications (Tenn. Code Ann. § 67-5-212(b)(2))
  - This includes copies of partial approvals
  - May be stored electronically (Tenn. Code Ann. § 67-5-212(b)(2))
  - Tenn. Code Ann. § 10-7-121-Government records kept on computer or removable computer storage media. Requests for advice or questions regarding interpretation should be directed to the Office of General Counsel ([OGC@cot.tn.gov](mailto:OGC@cot.tn.gov))

# Remember.....

---

- Both the applicant and the assessor have the right to appeal an initial determination (Tenn. Code Ann. § 67-5-212(b)(2))

# Situations after an approval that may require action by Assessor and/or SBOE

---

- Change in use
- Recordation of new deed
- Name changes
- Organizational/structural changes
- New addition or building on already exempt parcel

# Revocations

---

- Grounds for possible revocation (Tenn. Code Ann. § 67-5-212(b)(5)):
  - Fraud, misrepresentation, or erroneous information
  - Change in use
  - Abandonment of property
- Who can initiate the Revocation Process?
  - SBOE
  - County Assessor
  - Any person with knowledge

# Revocations

---

- Receive concern/complaint regarding an exempt property
- SBOE initiates a review by attempting to contact the property owner for response to complaint
- Upon completion of review, all relevant parties are notified whether there is probable cause to revoke (complainant, property owner, assessor, trustee)
- **If probable cause to revoke:**
  - Owner informed of right to request a hearing before an Administrative Law Judge (“ALJ”)
  - Assessor advised that property should not be returned to tax roll until receipt of order from ALJ
  - File forwarded to APD for final disposition
  - If hearing not requested within 90 days, ALJ issues order of revocation
  - If hearing requested, ALJ issues appropriate order



# Revocations

---

- When might it be appropriate to place property back on the tax roll?
  - Change of ownership
    - Exemptions are not transferable or assignable (Tenn. Code Ann. § 67-5-212(b)(2))
  - Order from ALJ
- When in doubt, contact SBOE!
  - In the past, circumstances like abandonment or obvious change from exempt use to non-exempt use were grounds for returning property to tax roll. We STRONGLY discourage this. Protection for assessor and cleaner process with Order from ALJ.

## Deed/title change-should the property go back on the tax roll?

---

- If the grantee/new owner name bears no resemblance to the grantor/prior owner name, the assessor may return the property to the tax roll. This will not be viewed as a “revocation”, which is the sole responsibility of SBOE. Example: “Grace Baptist Church” to “New Light of the Holiness Church.”
- If the new owner name resembles the old owner name, the assessor may contact the taxpayer or advise the taxpayer to directly contact our office.

# Name Changes/Organizational and Structural Changes

- What to do in event of a name change or organizational/structural change:
  - Contact the SBOE-approval letter puts the responsibility on the taxpayer to notify the SBOE of a change, but assessors may do so as well
    - If the assessor contacts us, SBOE will initiate a review and request documents necessary to determine the nature of the change.
    - If the taxpayer contacts us, SBOE will proceed with request for documents and any other information necessary to determine the nature of the change.
  - Following documents required in the event of name change only:
    - Written statement that it is a name change only and does not involve any organizational structure changes;
    - A copy of the name change documents;
    - Any other documents related to the name change (i.e. deed)
  - Documents required in the event of organizational/structural change determined on case-by-case basis (i.e. merger)

# Name Changes/Organizational and Structural Changes

---

- SBOE review will result in one of two determinations
  1. Entity has simply changed name and/or structural or organizational change is not significant
    - SBOE will send letter to taxpayer and county officials acknowledging name change or non-significant organizational change and confirm continuation of exempt status
  2. Not name change only and/or structural or organizational change is significant
    - SBOE will notify taxpayer of a 30-day grace period to re-apply for exemption
    - Failure to do so will result in a finding of probable cause to revoke the exemption

# New building or addition to building on property that is already exempt

---

- Remodel or extension of building already approved with no contemplated change of use in building, no new application required
- Separate building constructed and land part of previously approved parcel, new application not required if use consistent with that previously approved

# Questions?

---

